Docs Sell Narcotics to Injured Workers Without Adequate Monitoring

When I was around 13, my street savvy father sat me down to explain how drug pushers work.

First, he said, they offer the stuff for free. Then they get you hooked and cash in.

Discussions about narcotics and workers' comp made me think about what he told me. A tough blue-collar teamster, he also tried to educate me on not how the world is *supposed* to work, but how it really does.

And yet, the way the world really works still shocks me sometimes.

How is it possible — with all the laws and regs on the books — that doctors can sell narcotics to injured workers and neglect to monitor them adequately? We would assume a line of separation between selling these kinds of drugs and caring for patients. We would assume that there would already be enough accountability for doctors who sell narcotics.

According to my reading of Workers Compensation Research Institute (WCRI) studies, however, I conclude the following:

1) **Drugs (including narcotics) sold by docs are more expensive** than from the local pharm of choice. (http://www.wcrinet.org/studies/public/abstracts/phys_disp_wc-ab.html)

2) **Docs are not monitoring opioid drug use as legally required** — or taking precautions to prevent potential client addiction and even death.
http://www.wcrinet.org/studies/public/abstracts/longer-term_use_of_opioids-ab.html

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How is it possible — with all the laws and regs on the books — that doctors can sell narcotics to injured workers and neglect to monitor them adequately?

Consider Vicodin, the most commonly used narcotic for pain relief. It not only costs about 100 to 300 percent more per pill from the doc's office compared to the local pharm, according to WCRI's study, but the drug got more expensive at the doc's office while it got cheaper at the drug store.

How much? Well, comparing its 2007-8 study period to 2010-11, Vicodin went up 37 percent per pill from the doc compared to an 8 percent decline at the local pharm. Other drugs magically got prescribed more when equivalent medications at the drug store were cheaper.

Why this is happening? To make ends meet due to revenue losses from insurer cost containment initiatives, doctors are trying to raise revenue by selling medications and taking initiatives.

Since Medicare does not cover drugs sold by docs like workers' comp does, it only makes sense for docs to sell them to injured workers. Doctors are also having yo increase their patient load, which adds to the monitoring burden.

Now that I have established what is really going on, my next blog will cover what can be done, according to speakers at WCRI's recent conference.

To make sure you don't miss it, please follow my blog!

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The Power of LinkedIn Groups:

An Interview with the Work Comp Analysis Group's Mark Walls

Mark Walls, founder and manager, Work Comp Analysis Group on LinkedIn

Mark Walls' Work Comp Analysis Group might be the envy of traditional media. Having more than 18,000 members, Mark's group is the largest Linked In workers' compensation group out of the 200+ groups available.

His group is also likely the largest social media vehicle for the industry. It proves that social media, despite intention, is both an adjunct to traditional media and its competitor.

The group's surprising success proves the advice of social media experts is true. That is, when people sincerely contribute to social media, as opposed as viewing it solely as a marketing tool, people will pay attention and participate. Mark, an unassuming and approachable Midwesterner, has influence that should not be underestimated. If he likes your discussion or tweet, others do take notice.

Last week, Mark announced his new post as a consultant for Marsh, Inc. In the interview below,

Mark discusses his LinkedIn Group, new job and hopes for improving the 50+ workers' compensation systems in the United States.

Annmarie: I often say that for most of us, workers ' compensation is like Denny's. That is, we don't plan a career in wc, we "end up" there. How did you "end up" in comp?

Mark: I graduated from Iowa State in 1988 with a degree in Speech Communications. At first, I planned on going to graduate school and possibly teaching. But I decided before enrolling that I had been a student long enough. After a couple entry-level jobs trying to find my place in the world, I saw an advertisement for a workers' compensation claims trainee. No experience necessary, college degree and one to two years of general work experience. I was the college debate team so the negotiation element of claims handling was intriguing to me. So I applied…and the rest is history!

I wanted a place where we could learn from the experiences of others in the industry

–Mark Walls

Annmarie: The Work Comp Analysis Group has more followers than workers' comp media groups on LinkedIn. Tell me why you started the group and your reaction to its success?

Mark: I started the group in November 2008 to facilitate information sharing for the workers' compensation industry. Although work comp is state specific, many of the issues we deal with are the same nationwide. I wanted a place where we could learn from the experiences of others in the industry.

The success of the group has been a big surprise. The group reached 2000 members after the first year. Then the growth really exploded. We are currently well over 18,000 members representing every segment of the workers' comp industry. We have members from all 50 states, plus a large contingent from Australia and Canada.

Annmarie: When did you start your wc career? How would you say comp is different?

Mark: I started in January 1990 as an adjuster trainee with the May Company department stores. The role of the adjuster has really changed since that time. Back then, we did everything ourselves: scheduling doctor appointments, filing forms and even repricing bills to fee schedules. We did all that in-house. These days, the adjuster job is very different. Much of what we used to do is now done by outside companies.

Annmarie: Workers' comp seems to be plagued with the same issues despite the endless public policy to get it under control. If you could wave a magic wand and solve one big comp problem, what would it be?

Mark: Workers' compensation was designed to be a pact between injured workers and employers. Unfortunately, the cost driver in workers' comp has always been third parties who are looking to make a profit on the system.

If I could change one thing, it would be that the best physicians who follow evidenced-based treatment guidelines would always treat injured workers. This would ensure the best possible medical outcomes for the workers, which would in turn reduce the costs for employers.

Annmarie: Your move to Marsh seems like a logical career move. What aspects of the job are you most looking forward to?

Mark: There are two things I'm most excited about. First, I now get to work more with employers and assist them in managing the total costs of their workers' compensation programs. That's always been my passion — going back to my days working for a self-insured, self-administered employer.

Second, I'm so excited about all the expert resources that I have available to me at Marsh. They have some of the top experts in the country on a variety of topics and I can access those resources to assist me.

Thank You for the Re-Posts

Thanks to Workers Comp Insider for recommending my post on getting the best docs in workers' compensation. Thanks to Mark Walls for retweeting the article. Thanks also goes to the person who put my recent predictive modeling articles on SnoopIt!

How to Attract and Keep the Best Docs in Workers' Comp

Annmarie's WCRI Conference Wrap Up (Part 1)

Last week's Workers Compensation Research Institute's (WCRI) conference began with an impressive 350 attendees, the largest amount ever.

To draw such a large crowd despite the economy shows a great interest in improving workers' compensation public policy. With each U.S. jurisdiction having its own workers' compensation experiment taking place, there is always a lot to be learned just from finding out which approaches are working and why.

One familiar issue is why treatment approaches seem more popular in some states than others. These differences are due to policies regulating utilization, local practice norms and financial incentives to providers, said WCRI's Dr. Rebecca Yang. The financial incentives issue is difficult.

Some states continue to inadvertently encourage surgeries over other treatment approaches simply because there is more money to be made from such procedures.

An even larger issue is maintaining the best doctors for workers' compensation without overpaying for care. We already know that doctors have tried to "make up" revenues from workers' comp to offset lower payments made by other programs such as Medicaid. In the same way, ObamaCare will also motivate doctors to look elsewhere, such as workers' comp, to re-coop comp revenues.

"The problem with the health care debate is my cost savings is your lost income"
—- Ohio State University Professor Thomas Wickizer.

Public policy makers need to identify the unintended consequences in fee schedules and develop ways to keep quality medical care for injured workers so they to hasten recovery and encourage return to work. The answer might not be in increasing payments. Instead, comp administrators need to determine and address doctors' pain points when covering injured workers. Some doctors respond well to reductions in required paperwork or being compensated for the extra admin costs associated with treating injured workers.

Washington state's exclusive state fund developed a pilot program designed to attract the best doctors to its managed care program, insist on specific best practices and provide the already mentioned incentives to keep them, according to Ohio State University Professor Thomas Wickizer, who assisted with the program.

When comparing the results of the pilot program to the state program, the pilot showed a decline in disability days (16.9 compared to 20.2) and lower disability costs ($880 vs. $1,147) while the medical costs remained very close at $2,117 compared to 2,262 for non-pilot workers. This shows that medical care investments can save disability costs.

Back strain results were even more impressive. Disability days for pilot injured workers compared to non-pilot were 19.7 vs. 27.8; disability costs were $1034 vs. $1,576 and medical costs remained close at $2,678 vs. $2,869.

"The problem with the health care debate is my cost savings is your lost income," Wickizer said.

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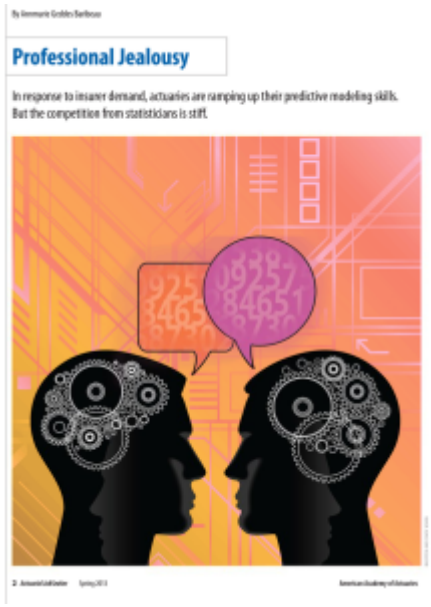
Who Should Be Doing Insurance Predictive Modeling? Actuaries or Statisticians?



Who Should Be Doing Insurance Predictive Modeling? Actuaries or statisticians?

After writing several articles on insurance predictive modeling, I noticed that there were as many statisticians doing predictive modeling as actuaries. Since more statisticians are being hired in the insurance industry, this could pose a threat to insurance actuaries. Not only that, how could a carrier, self-insured employer, third party administrator, etc., know which profession is best qualified to develop the models? What does each profession bring to the table?

You'll find the answers to these and other questions in my article, **"Professional Jealousy,"** which is the cover story for *Contingencies's Job Seeker* supplement. It is an honor that the American Academy of Actuaries allowed me to handle this sensitive subject.

Also, please check out my *Contingencies* magazine article, "The Next Great Thing in Predictive Modeling" which is probably the first comprehensive coverage of the next logical step: Integrative Predictive Modeling. For further reading, please check out my compendium on insurance predictive modeling, by clicking on the "predictive modeling" section at the bottom of this blog post! Enjoy!

Predictive Modeling Integration Is Coming

The future of predictive modeling will not be limited to workers' compensation.

My recently-released article, **"The Next Great Thing in Predictive Modeling,"** explains how predictive models will be integrated across insurance lines and traditionally siloed insurance. To describe this, I coined the phrase, "Integrative Predictive Modeling."

To the employer, this means that the day will come when you can buy coverage for all insurances

and enjoy benefits beyond the traditional multi-line discount. Through "enterprise predictive modeling," employers will be offered integrated packages of coverage for workers' compensation, commercial auto, general liability and even professional liability.

While at the earliest stages, insurers will be more responsive to reflecting premium based on current claims experience and not just past experience. Therefore, employers who improve their workers' compensation and other programs will not have to wait the two-to-three year lag time to enjoy better premiums.

Some actuaries believe it will make the traditional experience modification factor unnecessary. As I covered in a different article, Beecher Carlson, the insurance brokerage firm, is offering a total cost of risk tool that more quickly responds to claims experience in the underwriting process. (To see the article, **click here**.

To the employer, this means that the day will come when you can buy coverage for all insurances and enjoy benefits beyond the traditional multi-line discount.

Call me a visionary or deluded dreamer, but I believe predictive modeling will be a key connector needed to combine workers' compensation coverage with health care, non-occupational disability coverages and other programs related to a workforce's total health and productivity. This is also known as absence management and benefit integration benefits. (See my blog, **Integrated Predictive Modeling How Long Must We Wait?)**

I am psyched about the potential that will come from integrated predictive modeling and I am honored that the American Academy of Actuaries publishing my piece in its *Contingencies* magazine.

Finally, if you are interested on who should be doing predictive modeling, actuaries or statisticians, you are welcome to read my other recently-released article, **"Professional Jealousy,"** which is the lead article for *Contingencies*' supplement, *Actuarial Job Seeker*.)

(This is part VI of my series on What Employers Should Know About Workers' Compensation Predictive Modeling. I am quite ready to write about something else!)

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To see my compendium of predictive modeling articles and posts, please click the "predictive modeling" section at the bottom of this blog.